GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:1626
ANSWERED ON:23.08.2007
ACQUISITION OF COAL MINES ABROAD
Owaisi Shri Asaduddin

Will the Minister of STEEL be pleased to state:

(a) whether the Government has asked the public sector steel companies to intensify efforts to acquire coal mines in Australia and Canada before the shortage of coking coal jeopardizes their capacity expansion plan;

(b) if so, the efforts made so far by the steel companies to acquire mines abroad;

(c) the extent to which the expansion plan of the steel companies is likely to be affected without acquiring mines abroad; and

(d) the number of countries with whom negotiations are going on and the number of proposals finalised so far to acquire coal mines by steel companies?

Answer

MINISTER OF STATE IN THE MINISTRY OF STEEL (DR. AKHILESH DAS)

(a)&(b): Yes Sir. Ministry of Steel had constituted a Committee under the Chairmanship of Director (Finance), Rashtriya Ispat Nigam Limited (RINL) to submit a Status Paper on "Securing Coking Coal Supplies for Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL)". Based on the recommendations of the Committee, an Empowered Special Purpose Vehicle (SPV) comprising Steel Authority of India Limited (SAIL), Coal India Limited (CIL), Rashtriya Ispat Nigam Limited (RINL), National Thermal Power Corporation (NTPC) and National Mineral Development Corporation (NMDC) has been proposed for incorporation for the purpose of acquisition of coal mining companies/properties in overseas territories. The proposed SPV would specifically cater to meet the requirements of coking and thermal coal of the participant companies.

SAIL and RINL are also making efforts to acquire coking coal mines abroad. Discussions are underway. However, no proposals have been finalized so far.

(c) Both SAIL and RINL are currently purchasing coking coal against long term and spot coking coal contracts.No serious difficulty in obtaining the requisite quantities of coal has been faced so far. However, acquisition of mines would confer overall long term advantage to both the companies.

(d) Efforts are being made to identify suitable coal mining companies/properties in countries from where landed cost of coal to India would be competitive. SAIL is in discussions with its long term suppliers of coking coal in Australia and New Zealand for acquisition of equity stakes in their existing or new mine development projects.RINL is also negotiating with parties in Australia and USA. No specific proposals have been finalized so far.